

VZCZCXRO8056

PP RUEHFK RUEHKSO RUEHNAG RUEHNH
DE RUEHKO #1232 1530641
ZNR UUUUU ZZH
P 020641Z JUN 09
FM AMEMBASSY TOKYO
TO RUEHC/SECSTATE WASHDC PRIORITY 3383
RUEKJCS/SECDEF WASHDC PRIORITY
RUCPDOC/USDOC WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHINGTON DC PRIORITY
RUYNAAAC/COMNAVFORJAPAN YOKOSUKA JA PRIORITY
RHMMUNA/HQ USPACOM HONOLULU HI PRIORITY
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INFO RUEHFK/AMCONSUL FUKUOKA 4322
RUEHNH/AMCONSUL NAHA 6657
RUEHNAG/AMCONSUL NAGOYA 1922
RUEHKSO/AMCONSUL SAPPORO 4851
RUEHOK/AMCONSUL OSAKA KOBE 8123
RUEHBJ/AMEMBASSY BEIJING 9585
RUEHMO/AMEMBASSY MOSCOW 2859
RUEHUL/AMEMBASSY SEOUL 5606
RUCNDT/USMISSION USUN NEW YORK 5348
RHEHAAA/NSC WASHDC

UNCLAS TOKYO 001232

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SUBJECT: TOKYO MEDIA REACTION - GM BANKRUPTCY

¶1. LEAD STORIES: All Tuesday morning papers gave top play to GM's filing for Chapter 11 bankruptcy protection on Monday.

¶2. "Reconstruction Is a Long Way Off" The liberal Mainichi wrote in an editorial (6/2): "... The bankruptcy and nationalization of GM, which used to be the world's largest automaker, is shocking... The company has said that it will accelerate its reconstruction work to become independent of government control as soon as possible. However, the birth of a 'new GM' will not be easy, as twists and turns are expected to continue for the giant automaker."

¶3. "'Cars That Will Sell' Hold Key" The moderate Yomiuri editorialized (6/2): "... Even President Obama could not rescue GM. However, he took measures to enable a 'soft landing' in order to minimize the shock of the bankruptcy... We cannot be optimistic about whether the company can swiftly reconstruct itself through streamlining by major restructuring. U.S. taxpayers are taking a hard look at the government's injection of a huge amount of public funds. The biggest issue is whether the automaker can restore its competitiveness by developing 'cars that will sell'."

¶4. "GM Fails to Carry out Self Reform" The business-oriented Nikkei argued in an editorial (6/2): "... According to the restructuring plans for GM, which have been put forward by the U.S. government and others, a new GM plans to seek a 'balanced contraction' by clearing its debts and reducing excessive capital spending while receiving government support... However, it remains unclear to what extent the company will be able to regain its competitiveness through restructuring alone... The revival of the automaker will be achieved only when it becomes capable of producing 'cars that will sell'... Special treatment for GM should not be allowed. 'Response to crisis' should not be used as an excuse for protectionism."

¶5. "Reconstruction Should Avoid Protectionism" The conservative

Sankei's editorial contended (6/2): "... We hope that the U.S. government will make every effort to minimize the impact of GM's bankruptcy on the world economy... We also want to strongly call on the U.S. government to maintain its principle to treat foreign and domestic products equally, and not to take protectionist actions to reconstruct the U.S. auto industry."

ZUMWALT